United Nations A/69/520/Add.1

General Assembly

Distr.: General
11 May 2015

Original: English

Sixty-ninth session
Agenda item 134
Improving the financial situation of the United Nations

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Report of the Secretary-General

Addendum

Summary

The present report reviews the financial situation of the United Nations as at 31 December 2013 and 2014, and at 30 April 2014 and 2015, and provides an update to the information presented in the previous report of the Secretary-General (A/69/520).

The report focuses primarily on four main financial indicators: assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding payments to Member States.

The financial situation of the Organization at the end of 2014 was generally sound. The cash position was positive for peacekeeping operations and the tribunals, although it was necessary to draw on the regular budget cash reserves, both the Working Capital Fund and the Special Account, during the last months of the year.

While the overall cash position was sound and positive for all categories as at 30 April 2015, the regular budget is expected to tighten again towards the end of the year. The level of outstanding payments to Member States reflected a reduction at the end of first quarter of 2015 and is projected to further decrease by year-end. The final outcome of the year will depend on Member States meeting their financial obligations to the Organization in full during the remainder of the year.

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I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/69/520). It also reviews the financial indicators as at 31 December 2013 and 2014 and 30 April 2014 and 2015.

2. In the report, the financial situation of the United Nations is considered on the basis of the four main financial indicators that have been used to measure the strength of the Organization: assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding payments to Member States.

II. Review of the financial situation

3. At the end of 2014, unpaid assessments were lower than at the end of 2013 in all categories, except the regular budget. Cash balances were positive for peacekeeping operations and the tribunals at the end of 2014. However, the cash position of the regular budget and capital master plan had tightened considerably by year-end 2014, resulting in shortfalls that were covered by regular budget cash reserves.

4. As at 30 April 2015, unpaid assessments were higher for the regular budget and peacekeeping operations and lower for the tribunals compared to the previous year. Assessments had been issued in 2015 at higher levels for the regular budget and peacekeeping operations and at a lower level for the tribunals. Cash balances were positive for the regular budget, peacekeeping operations and the tribunals. The capital master plan cash shortfall was resolved by the decision of the General Assembly at the first part of its resumed sixty-ninth session to finance the associated costs of the project.

5. As regards troop costs and the cost of contingent-owned equipment, the level of outstanding payments to Member States was higher at the end of 2014 compared to the previous year. However, the amount outstanding was considerably reduced by the end of the first quarter of 2015, and is projected to further decrease by year-end 2015.

A. Regular budget

6. There was a significant reduction in the level of unpaid regular budget assessments in the last quarter of 2014 (from $1 billion to $535 million). In 2015, assessments for the regular budget were issued at a level of approximately $2.8 billion, $159 million above the level in 2014. Payments received by 30 April 2015 were higher, at $1.74 billion in 2015, compared with the $1.68 billion received by the same date in 2014. Unpaid assessments as at 30 April 2015 amounted to $1.57 billion, which is $175 million above the level remaining unpaid as at 30 April 2014. The amount currently outstanding is highly concentrated, and the final outcome for 2015 will largely depend on the action taken by Member States.

7. By the end of 2014, a total of 144 Member States had paid their regular budget assessments in full, two less than the number in 2013. The Secretary-General wishes

to thank the 144 Member States that had honoured their obligations to the regular budget in full by 31 December 2014 and urges all other Member States to pay their assessed contributions in full as soon as possible.

8. More recently, as at 30 April 2015, a total of 84 Member States had paid their assessments to the regular budget in full, five more than the number that had paid by 30 April 2014. Again, the Secretary-General wishes to pay tribute to these 84 Member States for their support for the work of the Organization and invites other Member States to follow their example.

9. Cash resources available for the regular budget under the General Fund include the Working Capital Fund, authorized at $150 million by the General Assembly, and the Special Account. The Special Account is currently at a level of $235 million, following the use of $26.6 million to finance the 2012-2013 regular budget, in accordance with Assembly resolution 68/245. In addition, by its resolution 69/274, the Assembly decided to transfer $36.6 million from the Special Account to make up the shortfall in the financing of the capital master plan. This will further reduce the level of the Special Account to $198.4 million. During the last months of 2014 there were cash shortfalls that were covered by the Working Capital Fund in September through December, and also by the Special Account during November. The daily position varied during the final months of 2014, with the cash shortfall reaching $174 million in early November 2014 and $162 million in mid-November 2014. The final position at 31 December 2014 reflected a cash shortfall of $81 million, which was fully covered by the Working Capital Fund.

10. While there were also cash shortfalls through late January 2015, by 30 April 2015 the regular budget cash balance had increased to $646 million, owing to contributions from Member States in the early months of the year. However, if the trend of previous years is repeated, the regular budget cash will experience some tightening during the last quarter of 2015. At its first resumed sixty-ninth session, the General Assembly decided to make up the final shortfall in the funding of the capital master plan by financing through the transfer of $154.9 million from the General Fund (including $36.6 million from the Special Account). The related transactions and transfer will be effected later in 2015. Thus, total regular budget reserves will be reduced to $348.4 million (consisting of $150 million in the Working Capital Fund and $198.4 million in the Special Account). The final cash position at the end of 2015 will depend on the payments received from Member States in the coming months.

B. Peacekeeping operations

11. The changing demand for peacekeeping activities makes it hard to predict financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and, since assessment letters can only be issued through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of these factors complicate a comparison between the financial situation of peacekeeping operations and those of the regular budget and the tribunals.

12. Unpaid assessments for peacekeeping operations amounted to $1.28 billion at the end of 2014, reflecting a significant decrease of $916 million compared to the

$2.2 billion outstanding at the end of 2013. As of 30 April 2015, new assessments of $2.2 billion had been issued and the outstanding amount totalled just under $2 billion. Unpaid peacekeeping assessments continued to show some concentration.

13. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. By 31 December 2014, 27 Member States had paid all peacekeeping assessments in full. The Secretary-General wishes to give special thanks to these 27 Member States. These were Canada, Costa Rica, Czech Republic, Denmark, Egypt, Equatorial Guinea, Finland, Germany, Iceland, Ireland, Israel, Italy, Jordan, Kazakhstan, Latvia, Monaco, Netherlands, New Zealand, Nigeria, Norway, Republic of Korea, Samoa, Senegal, Singapore, Solomon Islands, Switzerland and the United Republic of Tanzania.

14. More recently, by 30 April 2015, 23 Member States had paid all peacekeeping assessments in full, despite the considerable challenge to pay by that date since assessments were last issued on 1 April. The Secretary-General would therefore like to pay special tribute to Austria, Canada, China, Costa Rica, Equatorial Guinea, Estonia, Finland, Georgia, Germany, Iceland, Ireland, Israel, Japan, Kazakhstan, Latvia, Liechtenstein, Monaco, Netherlands, New Zealand, Samoa, Senegal, Singapore and South Africa.

15. Although the total cash available for peacekeeping at the end of 2014 was $4.3 billion, this amount is segregated in accordance with the decision of the General Assembly to maintain separate accounts for each operation. In its resolutions on the financing of peacekeeping operations, the Assembly has specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. The use of the Peacekeeping Reserve Fund is restricted to new operations and the expansion of existing operations. The cash available at the end of 2014 comprised $3.84 billion in the accounts of active missions, $294 million in the accounts of closed missions and $138 million in the Peacekeeping Reserve Fund.

16. As regards outstanding payments to Member States, the amount owed for troops, formed police units and contingent-owned equipment totalled $779 million at 31 December 2014, and it is projected to decrease to $561 million by the end of 2015.

17. As at 31 March 2015, a total of $653 million was owed to Member States, which comprised $153 million for troops and formed police units, $414 million for contingent-owned equipment claims for active missions and $86 million for contingent-owned equipment claims for closed missions. As of that date, payments for troops and formed police unit costs were current up to January 2015 for all active missions, except for the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), the United Nations Interim Security Force for Abyei (UNISFA) and the United Nations Mission in South Sudan (UNMISS), which are paid up to February 2015, and the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP) and the United Nations Interim Force in Lebanon (UNIFIL), which are paid up to July, December and October 2014, respectively. Payments for contingent-owned equipment are current up to December 2014 for all active missions, except for MINURSO and UNFICYP, which are paid up to September 2014.

18. The Secretary-General is committed to meeting obligations to Member States, providing troops and equipment as expeditiously as possible as the cash situation permits. In this regard, the peacekeeping cash situation is monitored constantly and the Organization endeavours to maximize the quarterly payments based on the available cash and data, as a matter of priority. To effect these payments, the Organization depends on Member States meeting their financial obligations in full and on time, and also on the expeditious finalization of memorandums of understanding with troop contributors for the provision of equipment.

C. International tribunals

19. The financial position of the international tribunals improved in 2014. Unpaid assessments decreased to $40 million during the last quarter of 2014, from the $60 million reported in October 2014. The $40 million unpaid at year-end 2014 was significantly lower than the $54 million outstanding at the end of 2013.

20. The number of Member States paying their assessed contributions for the international tribunals in full by the end of 2014 was 112, which was one lower than the number at the end of 2013. The Secretary-General wishes to express his sincere thanks to the 112 Member States that had paid their assessed contributions in full by 31 December 2014 and urges other Member States to follow their example.

21. As at 30 April 2015, unpaid assessments for the tribunals amounted to $128 million, which is $21 million below the level outstanding as at 30 April 2014. By 30 April 2015, 57 Member States had paid their assessed contributions to both the tribunals and the International Residual Mechanism for Criminal Tribunals in full, three more than that number in the previous year. The month-by-month position of cash balances for the tribunals were positive in 2013, 2014 and, so far, in 2015. The final outcome of 2015 will depend on Member States continuing to honour their financial obligations to the tribunals.

D. Capital master plan

22. A total of $1.87 billion was assessed under the special account for the capital master plan. As of 30 April 2015, the bulk of the contributions assessed to Member States had been received with under $0.5 million still outstanding.

23. Over the years, Member States have extended strong support for the project, as demonstrated by the number of Member States which have paid in full for the project. The Secretary-General wishes to express his appreciation to the 180 Member States which paid their assessments in full and urges the remaining 12 Member States to make a special effort to finalize their payments as soon as possible so as to allow final closure of the accounts.

24. The capital master plan has been experiencing cash shortfalls since December 2014. The deficit has been bridged, on an exceptional basis, through the Working Capital Fund. At the first part of its resumed sixty-ninth session, the General Assembly decided to finance the final shortfall of the project through transfer of $154.9 million from the General Fund. The related transactions and transfers will be effected later in 2015, enabling the fully balanced completion of the project account.

III. Conclusions

25. The overall financial situation of the Organization at the end of 2014 was generally sound, although it was necessary to draw on regular budget cash reserves from both the Working Capital Fund and the Special Account during the last months of 2014.

26. While there has been an increase in the number of Member States paying in full for the regular budget in 2015 compared to one year ago, unpaid assessments remain at a significant level and continue to be highly concentrated.

27. At present, the overall cash position is sound and positive for all categories, owing to continued efforts by many Member States. However, the regular budget situation is expected to tighten again towards the end of the year. In recent years, the Organization had to resort to regular budget reserves from both the Working Capital Fund and the Special Account to manage expenditure requirements, particularly towards the end of the year. The Secretariat will continue to closely monitor the cash flow and ensure prudent financial management of resources.

28. The level of outstanding payments to Member States which contribute troops, police and equipment is projected to decrease to $561 million at the end of 2015. The Secretariat will continue to make every effort to expedite outstanding payments to Member States.

29. The Secretary-General wishes to pay a special tribute to the following 22 Member States that had paid all assessments that were due and payable as at 6 May 2015: Austria, Canada, China, Estonia, Finland, Georgia, Germany, Hungary, Iceland, Ireland, Israel, Japan, Latvia, Liechtenstein, Monaco, Netherlands, New Zealand, Samoa, Senegal, Singapore, South Africa and Sweden. The Member States from which payments were received after 6 May 2015 were Australia, Denmark and Switzerland, bringing the total to 25.

30. As always, the financial health of the United Nations continues to depend on Member States meeting their financial obligations in full and on time.